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C O N F I D E N T I A L SECTION 01 OF 02 BEIJING 001144

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E.O. 12958: DECL: 03/26/2033

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SUBJECT: STAFFDEL JANUZZI DISCUSSES NONPROLIFERATION, IRAN,  
AND DPRK WITH MFA ARMS CONTROL DIRECTOR GENERAL

Classified By: Deputy Political Section Chief Ben Moeling. Reasons 1.4  
(b/d).

Summary

1. (C) Current bilateral cooperation on arms control, nonproliferation and export control is "remarkable," MFA Department of Arms Control Director General Cheng Jingye told Staffdel Januzzi March 24. Nevertheless, there is a "perception" that the United States counts on China's support on nonproliferation issues but does not fully trust China as an equal partner. On Iran, China supports a dual approach which includes applying pressure via Security Council resolutions and focusing on the diplomatic front. China's cooperation with Iran on energy is unrelated to the Iran nuclear issue and Cheng "can't imagine" the consequences if Sinopec is sanctioned. On North Korea, Cheng urged the United States to find a creative resolution to the declaration issue. End Summary.

2. (C) Frank Januzzi and Puneet Talwar, staff members of the Senate Foreign Relations Committee, met MFA Department of Arms Control Director General Cheng Jingye March 24 to discuss Chinese views on arms control, non-proliferation, Iran and North Korea.

"Remarkable" Cooperation

3. (C) Arms control, export controls and nonproliferation all contribute to China's security, said Cheng. A decade ago, cooperation between China and the United States focused on certain cases, but today's level of cooperation on nonproliferation and arms control issues is "remarkable," Cheng said. For example, China is actively involved in diplomatic negotiation efforts on North Korea and Iran. And in many areas of nonproliferation, said Cheng, the two countries see "eye-to-eye." He referred to multilateral agreements such as the Nuclear Suppliers Group (NSG), the Missile Technology Control Regime (MTCR), the Australia Group and the Wassenaar Arrangement and said that even if China is not a member of these various organizations, China has in place its own export control regime. For example, there is interagency coordination on sensitive exports as well as alleged proliferation cases raised by the United States. Cheng noted that while the pace of implementing arms control agreements has slowed in the past decade, China is prepared to move the disarmament conference forward within the United Nations framework.

Equal Partners

4. (C) Cheng contended that there is a "perception" that the United States counts on China's support and cooperation on nonproliferation issues but does not fully trust or treat China as an equal partner. For example, in the 1990s, China was invited to join the MTCR and the Australia Group but declined to join. Currently, however, China is "not welcome," despite expressing a willingness to join, Cheng said. China and the United States need to cooperate on a "mutual, equal basis." Cheng also raised the issue of sanctions against China Great Wall Industry Corporation (CGWIC). CGWIC has been subject to sanctions for ten years without "solid evidence," said Cheng. Over the past 3-4 years, CGWIC has restructured the company, changed its business model and prohibited contacts with countries of concern to the United States. Cheng expressed hope that the company would make progress during its March 20 meetings in Washington.

Iran

5. (C) Cheng said China and the United States share the same goal for Iran: no further proliferation of nuclear weapons. China makes this point very clearly to the international

community and to Iran in the context of its private bilateral contacts. PRC Foreign Minister Yang Jiechi told Iranian leaders during his November visit to Iran that China is opposed to proliferation in the Middle East. China supports the UNSCRs on Iran and the P5-plus-1 process, emphasized Cheng. After the release of the National Intelligence Estimate (NIE) and IAEA reports on Iran last year, there is a need for more diplomatic efforts, Cheng said. China supports a dual approach which includes applying pressure via UNSCRs and focusing on the diplomatic front.

16. (C) One of the dilemmas of the Iran nuclear issue is that despite three UNSCRs, Iran's capability to enrich uranium

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continues to expand, Cheng underscored. China and other countries need to be "creative" in devising a proposal "attractive" to Iran. The international community must find a way to ensure its concerns about Iran's nuclear development are addressed and promote the peaceful development of nuclear energy, maintained Cheng. Cheng reasoned that if incentives do not work, then it will make applying pressure easier in the future because it shows that diplomacy was not effective. The P5-plus-1 meeting in Shanghai in April will allow the ministers to discuss strategy on next steps. Cheng noted that a recent proposal from the United Nations Association of the USA (UNA-USA) includes some interesting ideas and that his office is in the process of studying its proposal. Cheng said that Germany has put forward a proposal to "refresh" previous offers. China believes that the P5-plus-1 will need to offer new incentives to Iran.

17. (C) Iran might be more willing to offer a reciprocal positive gesture on the nuclear issue if it does not feel threatened by regime change, Cheng said. Regarding Iran's claim that it did not have a nuclear program prior to 2003, China is not in a position to comment without presentation of evidence and materials, Cheng said. China continues to urge Iran to cooperate with the IAEA and encourages the IAEA to play a greater role. Cheng also discussed possible incentives for Iran after international confidence is restored, including reinstatement as a non-nuclear Nonproliferation Treaty (NPT) member, education cooperation, normalization of economic relations, etc.

#### China-Iran Energy Cooperation

18. (C) Regarding China-Iran energy cooperation, Cheng believes that there is a "misunderstanding" on the part of the United States. China has made clear its need for energy resources and has previously stated that its cooperation with Iran on energy has nothing to do with the Iran nuclear issue. China hopes that the U.S. Congress understands this point, said Cheng. Specifically, the threat of sanctions against Sinopec is a very serious issue, Cheng emphasized. Sinopec is very important to China and Cheng "can't imagine" the consequences if the company is sanctioned. Januzzi noted Cheng's concerns and said that he would pass this message to Washington.

#### North Korea

19. (C) Januzzi recounted his meetings with DPRK counterparts during his five-day trip to North Korea and said that he encouraged them to provide a declaration. Cheng said that China does not have specific information on North Korea's alleged purchase of centrifuge technology and that China had received this information from the United States. He urged the United States to focus on the future and not to dwell on the past. The United States is not interested in delving into North Korea's past, Januzzi countered. The United States needs to have clarity on certain issues, however, in order to move forward. According to Cheng, PRC Vice Foreign Minister Wu Dawei urged the DPRK to take advantage of this unique opportunity. The resolution of the declaration issue will require some imagination and creativity, Cheng said. North Korea does not fully trust the United States and remains concerned about admitting to an activity it claims never existed, Cheng claimed.

10. (U) Staffdel Januzzi did not have an opportunity to clear this cable.

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